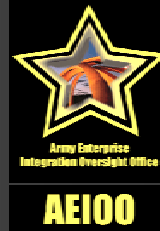


ERP Insight Day



Officer Professional Development Session



3-4 August 2005

Presented By:

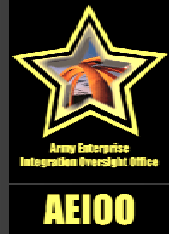
Mr. Dale Young
MAJ Doug Burbey
Mr. David Ciummo

Capgemini
PM-LIS
AEIOO



— Army Enterprise Integration Oversight Office, CIO/G-6 —

Agenda



Opening Remarks	Mr. David Ciummo
ERP Context	Mr. Dale Young
Air Force Video	
ERP Overview	Mr. Dale Young
ERP Landscape	Mr. Dale Young
Key Implementation Considerations	Mr. Dale Young
Tools and Accelerators for the Program Manager	MAJ Doug Burbey
Q&A	All



— ***Army Enterprise Integration Oversight Office, CIO/G-6*** —→

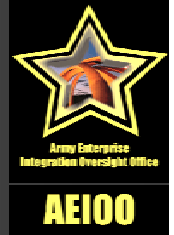
About AEIOO



- The Secretary of the Army established AEIOO to:
 - Provide departmental policy, guidance, and direction for all Army enterprise resource planning (ERP) solutions
 - Ensure synchronizations of business processes with operational (war fighting) processes



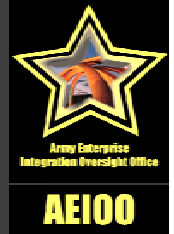
Learning Objectives



- To communicate what Enterprise Resource Planning (ERP) is and how it supports Army Transformation.
- To highlight the ERP business value and critical success factors.
- To understand ERP planning and implementation considerations.
- To provide an overview of select tools and accelerators available for Program Managers.



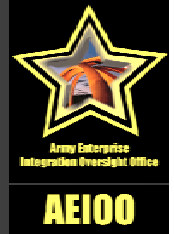
Quiz



1. An ERP solution integrates an organization's core processes.
True or False?
2. When implementing an ERP the preferred approach is to:
 - a) Change the organization's processes based on the ERP
 - b) Customize the ERP to fit the organization's existing processes
 - c) Let the systems integrator decide
 - d) None of the above
3. Name three ERP-specific tools available to the Program Manager?
4. At what stage of the ERP implementation should the Program Manager initiate change management and communications initiatives?
 - a) At the onset of the project
 - b) After implementation is complete
 - c) Right before fielding
5. What part of an organization is affected by an ERP implementation?
 - a) The people
 - b) The processes
 - c) The technology
 - d) All of the above



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Tools and Accelerators for the Program Manager

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All



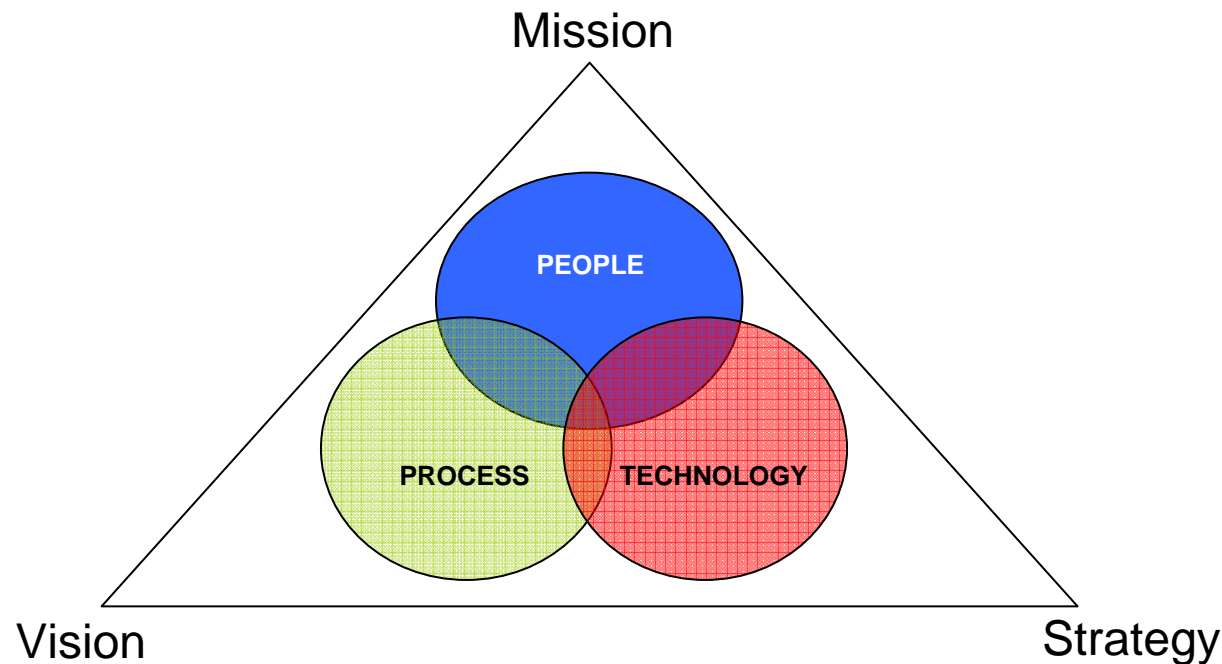
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ERP Context



■ Enterprise Resource Planning (ERP):

- ☐ An integrated suite of information technology applications and processes that support the operations of an enterprise
- ☐ A transformation enabler
- ☐ Impacts the entire organization



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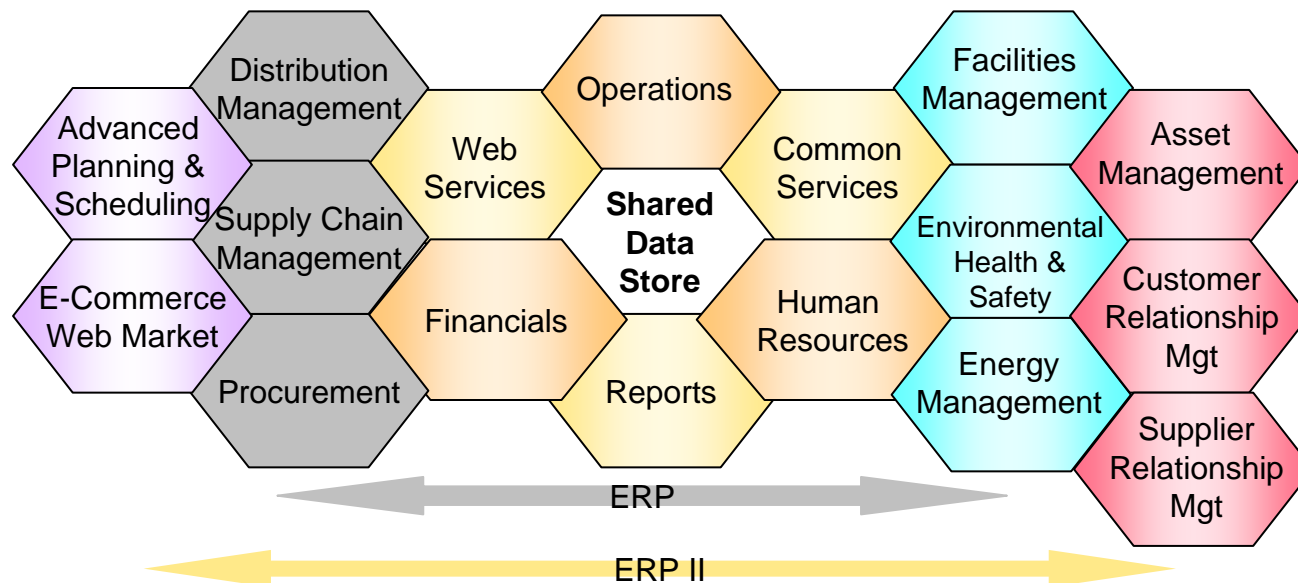


What is ERP?



■ **An ERP system is an integrated packaged business software system that allows an organization to:**

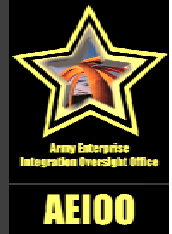
- ☐ Automate and integrate its business processes
- ☐ Share common data and practices across the enterprise
- ☐ Produce, access, and manage information in a real time environment
- ☐ Configure applications to meet business needs based on best practices across industries and companies (built into software)



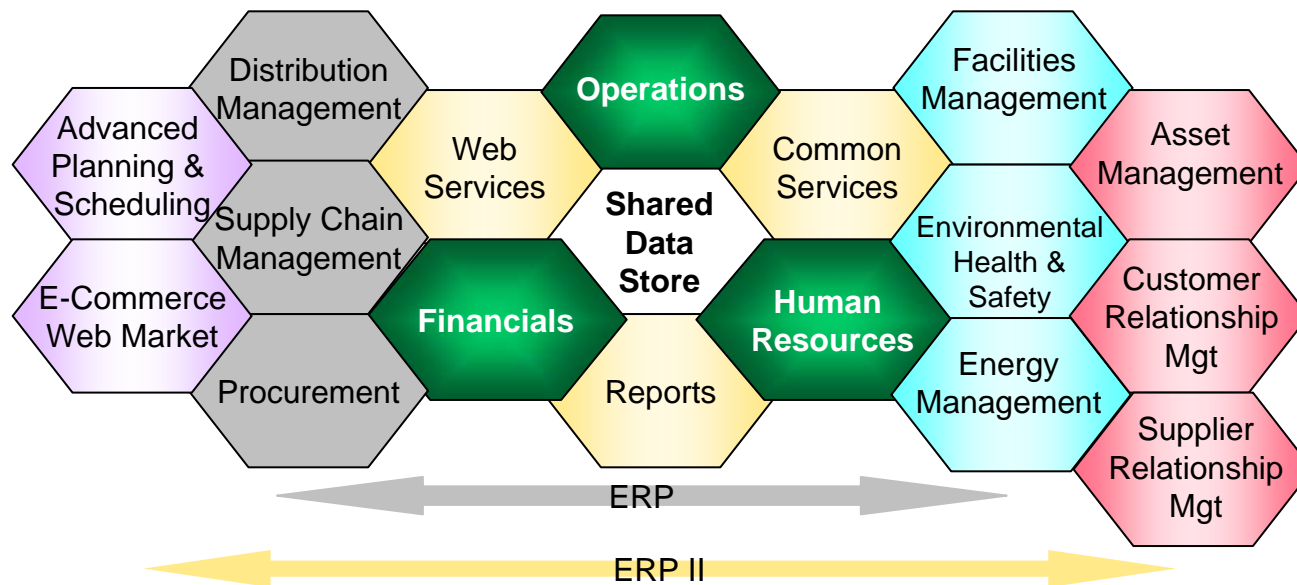
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Core and Bolt-Ons

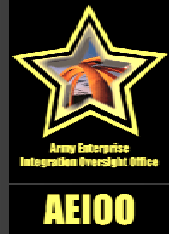


- ERP solutions have evolved based on market dynamics and customer requirements
- Expansion of ERP capabilities through bolt-ons
 - Creation of new market niche



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ERP and Army Transformation



“... Transformation is a multi-dimensional and interrelated process that involves adapting new technologies for warfighting and business operations.”

Traditionally, people have thought of transformation as kind of a technology thing. You get a new technology; you incorporate it in your operations. But that is just one dimension of transformation. Developing improved operating concepts and business processes. You can do that independent or in conjunction with a new technology.

***Secretary Francis J. Harvey
December 6, 2004***

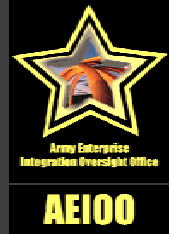


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ERP Video Compliments of the Air Force

Agenda



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Tools and Accelerators for the Program Manager **MAJ Doug Burbey**

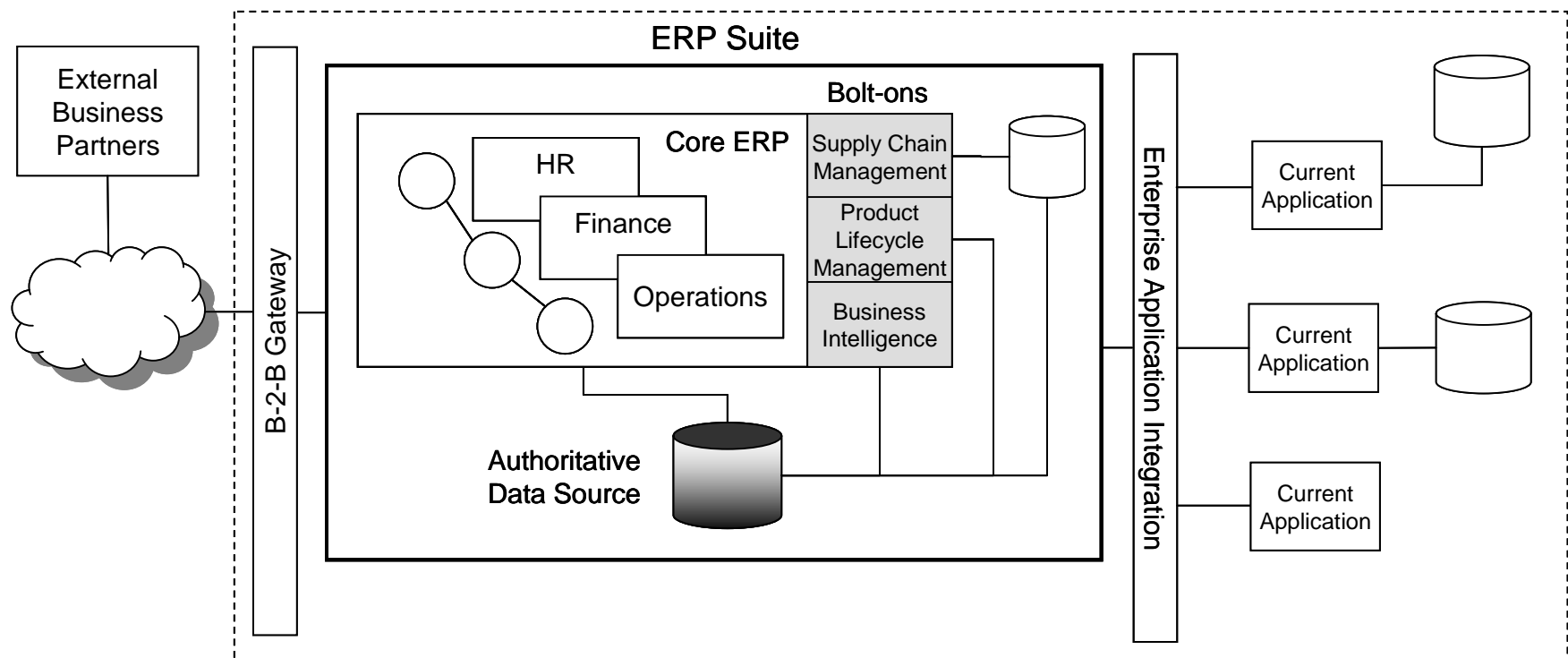
Q&A **All**



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ERP in the Enterprise

- ERP solutions are one part of a complex environment
- Variations in customer environments can result in different roles for ERPs



ERP Costs



■ Traditional ERP Costs

- ☐ Hardware
- ☐ Software
- ☐ Professional services
- ☐ Internal staff

■ Hidden Costs

- ☐ Training
- ☐ Integration and testing
- ☐ Data analysis, cleansing, and conversion
- ☐ Post go-live professional service support

Rules of Thumb

- 1) Software price is market-and-contract driven
- 2) Project cost is effort, timing, and staffing-driven
- 3) Estimates should be based on: project scope, staffing mix, time constraints, and degree of change

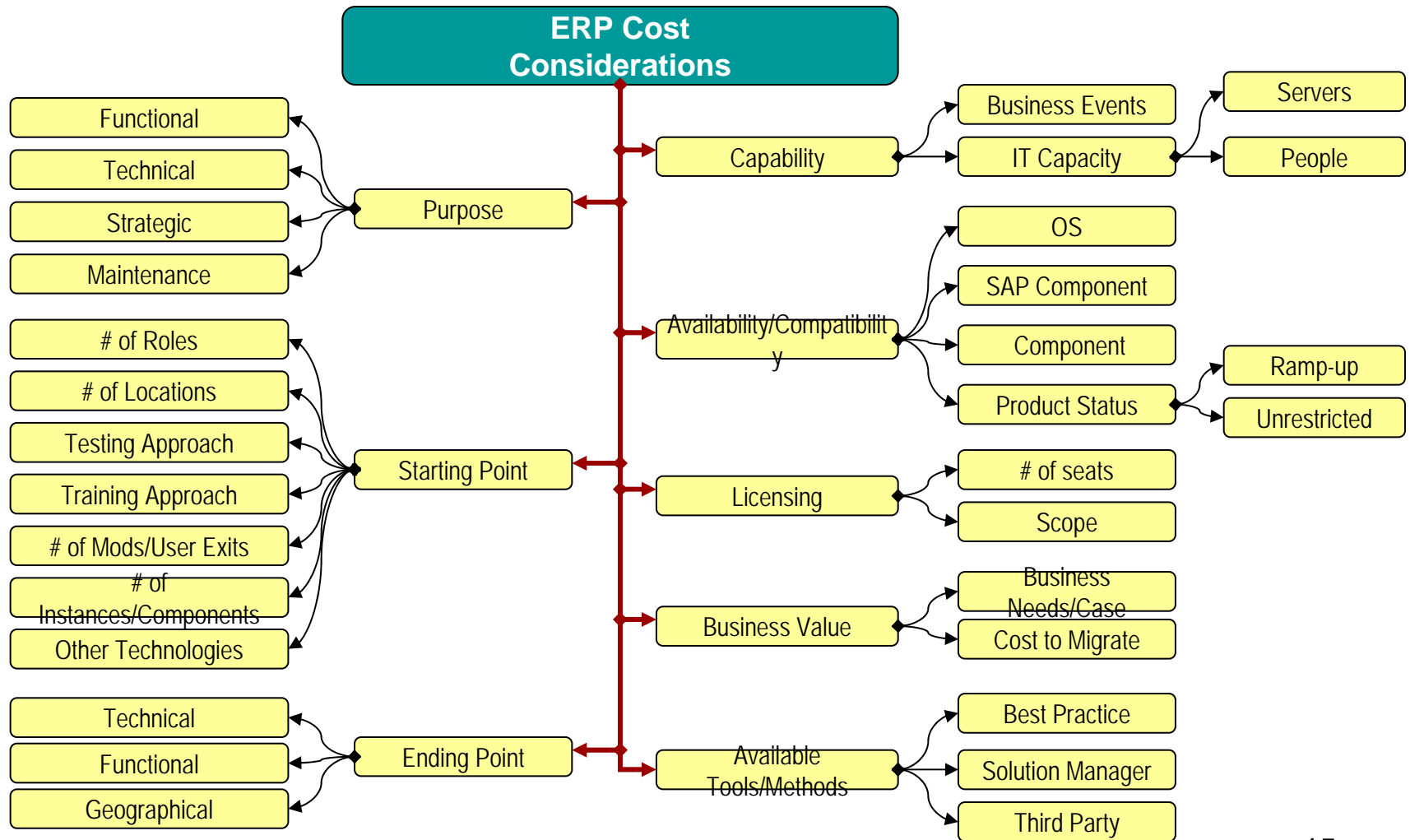
Source: Gartner

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Economic Analysis – Know the Criteria



ERP Benefits



- Integrate processes and information systems
- Synchronize end-to-end business processes
- Consolidate and/or eliminate current systems
- Reduce portfolio complexity
- Establish an authoritative data source
- Enable real-time response to business problems
- Provide better information to improve decision-making
- Enable continuous business process improvement

Coming together is the beginning, Staying together is progress, Working together is success . . .

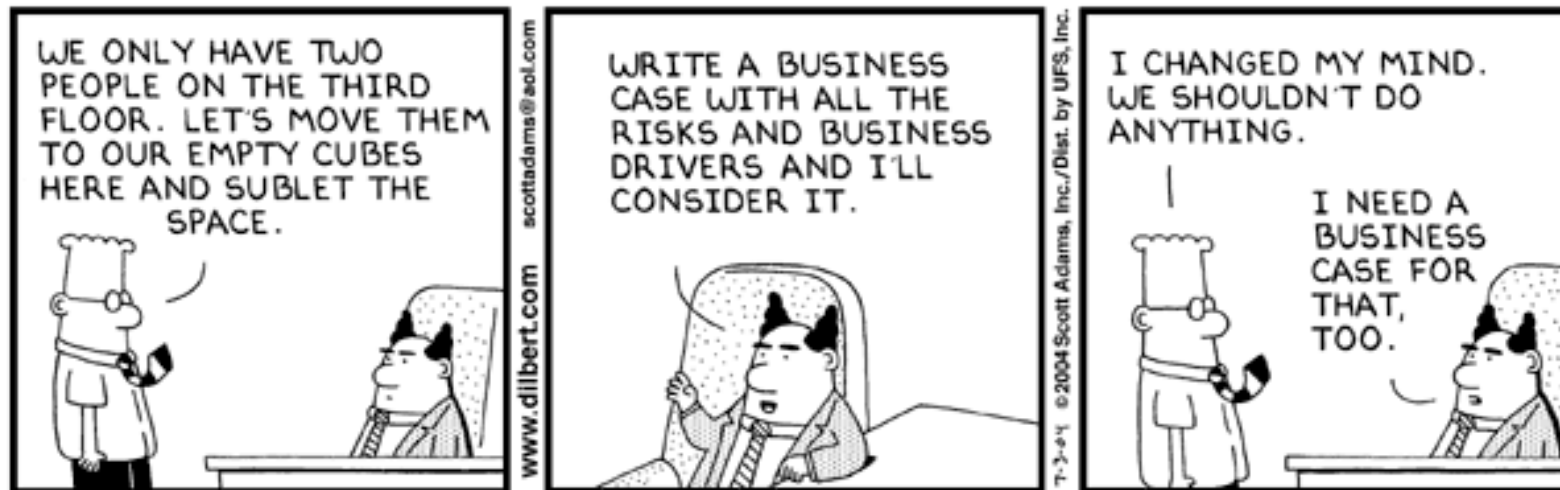
Henry Ford



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Critical Success Factors

■ According to Dilbert . . .

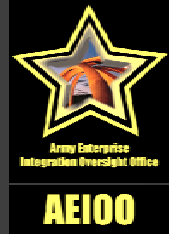


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■ Economic Analysis – THE WHY

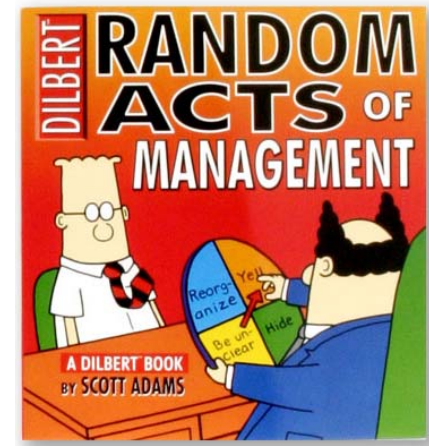
- ☐ Manage expectations
- ☐ Communicate expected value
- ☐ Define reason for change

Critical Success Factors (con't.)



■ Pick the Right Approach – THE HOW

- ☐ Strategic Alignment
- ☐ Methodology
 - Integrated implementation methodology
 - Define a rapid issue resolution and escalation process
- ☐ Solution Design (aka Blueprinting)
 - Maximize use of COTS templates
 - Realign processes to fit applications (business process management)
 - Focus on 'future' processes vice 'current'
- ☐ Risk Mitigation
 - Balance scope, requirements and what is realistic to deliver
 - Testing is key - validate configuration with iterative process and test, test, test
 - Communicate early and often
- ☐ Rollout approach
 - Big bang versus phased



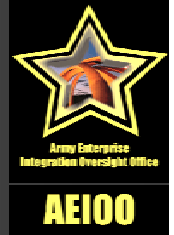
Critical Success Factors (con't.)

■ Focus on the Stakeholders – THE WHO

- ☐ Involve users throughout (start to finish)
- ☐ Focus on culture/change-orientation
- ☐ Effective communications and training before, during *and after* implementation!



Critical Success Factors (con't)

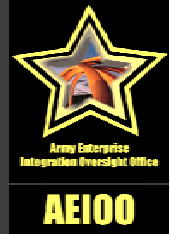


■ Know Your Scope and the Solution – THE WHAT

- ☐ Team Composition – Best of the Bunch
 - Experienced project manager familiar with the package – A Must
 - Strong technical team and dedicated business process experts
- ☐ Define a clear scope management process with accountability
- ☐ Address the two most critical ERP issues upfront and throughout the project:
 - Change
 - Data
- ☐ Understand big picture – end-to-end processes and interoperability requirements



Critical Success Factors (cont.)



■ Have Committed Sponsors – THE BACKERS

- ☐ Strong support from Senior Leadership – and across the chain of command
 - Communicate program message

■ ‘Go-Live’ is not the end of the project – Continuous Improvement

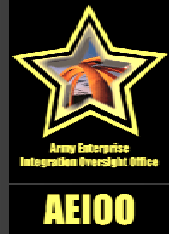
- ☐ Document all new business processes, re-write job descriptions, formalize training
- ☐ Consider applications maintenance contract
- ☐ New system demands will appear -- upgrade the ERP system and maintain support



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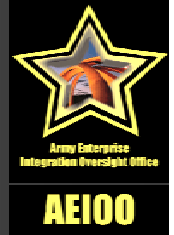
Tools and Accelerators for the Program Manager **MAJ Doug Burbey**

Q&A **All**



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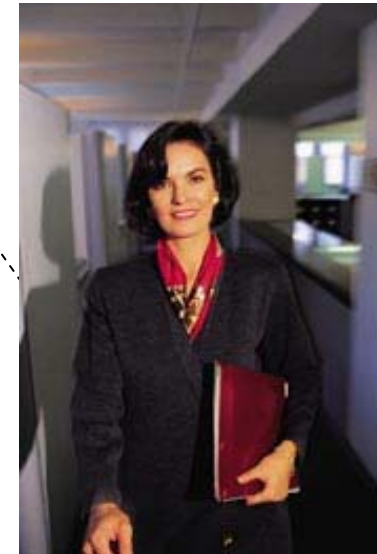
The Players



Customer



Systems Integrator



Collaboration

ERP Vendor

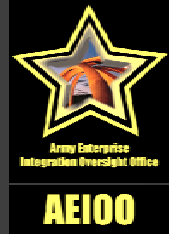
ORACLE®

SAP



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Roles of the Players



■ Customer

- ☐ Project Sponsor
- ☐ Functional expertise
- ☐ Change catalyst
- ☐ Competency Center

■ ERP Vendor

- ☐ Deep application knowledge
- ☐ Best practice business processes
- ☐ User support
- ☐ Software support (patches, fixes, application bugs)

■ Systems Integrator

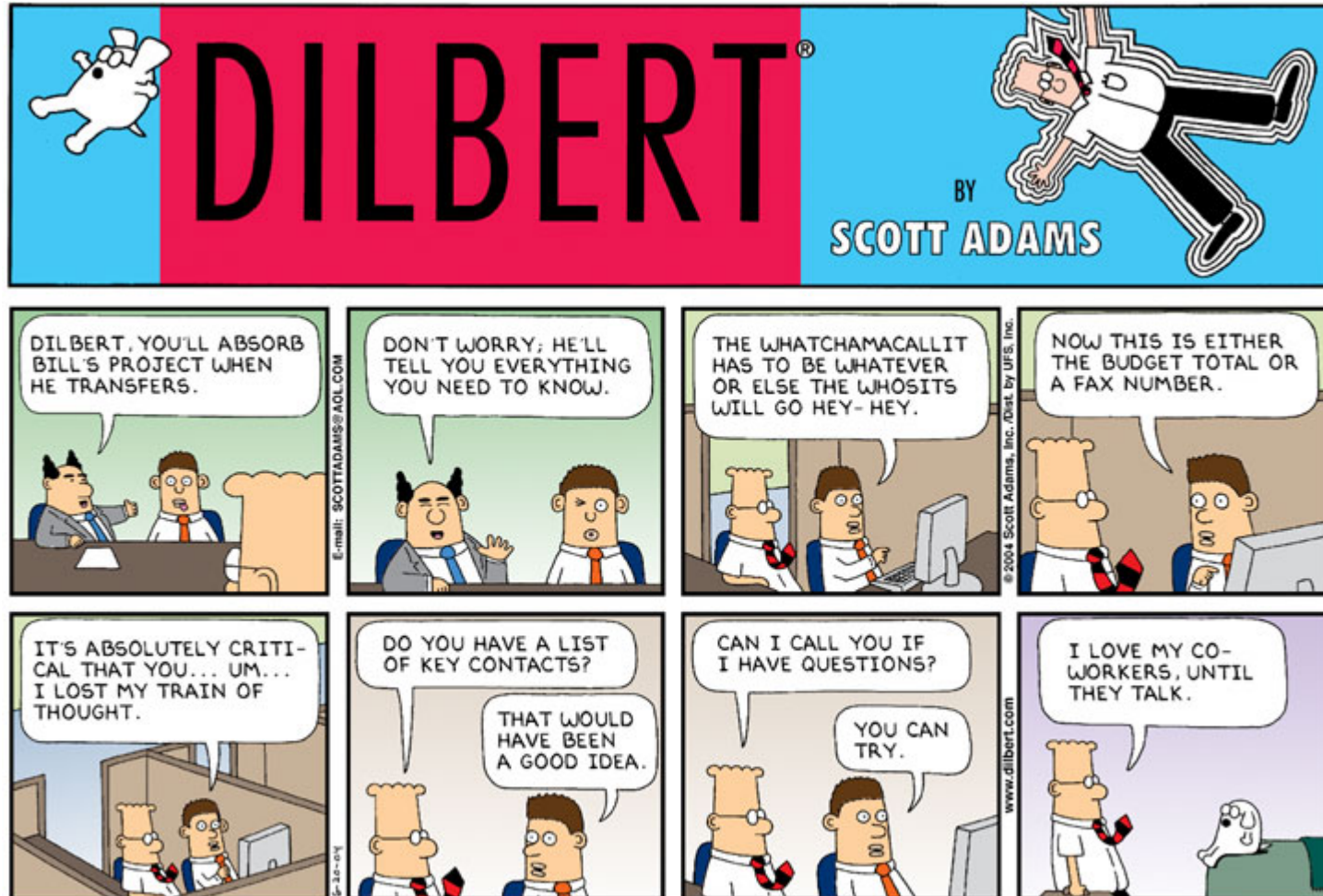
- ☐ Project Management skills
 - Experience
 - Certifications
 - Methodology
- ☐ Change Management and Training development
- ☐ Integration of ERP with legacy systems
- ☐ Best practice implementation experience
 - Core ERP
 - Bolt-ons
 - Gap resolution
- ☐ Focus on specific industries or business areas

All the players contribute lessons learned in their area of expertise.

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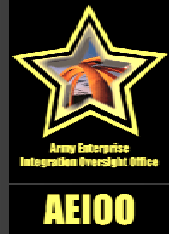
According to Dilbert . . .



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ERP Market Insights



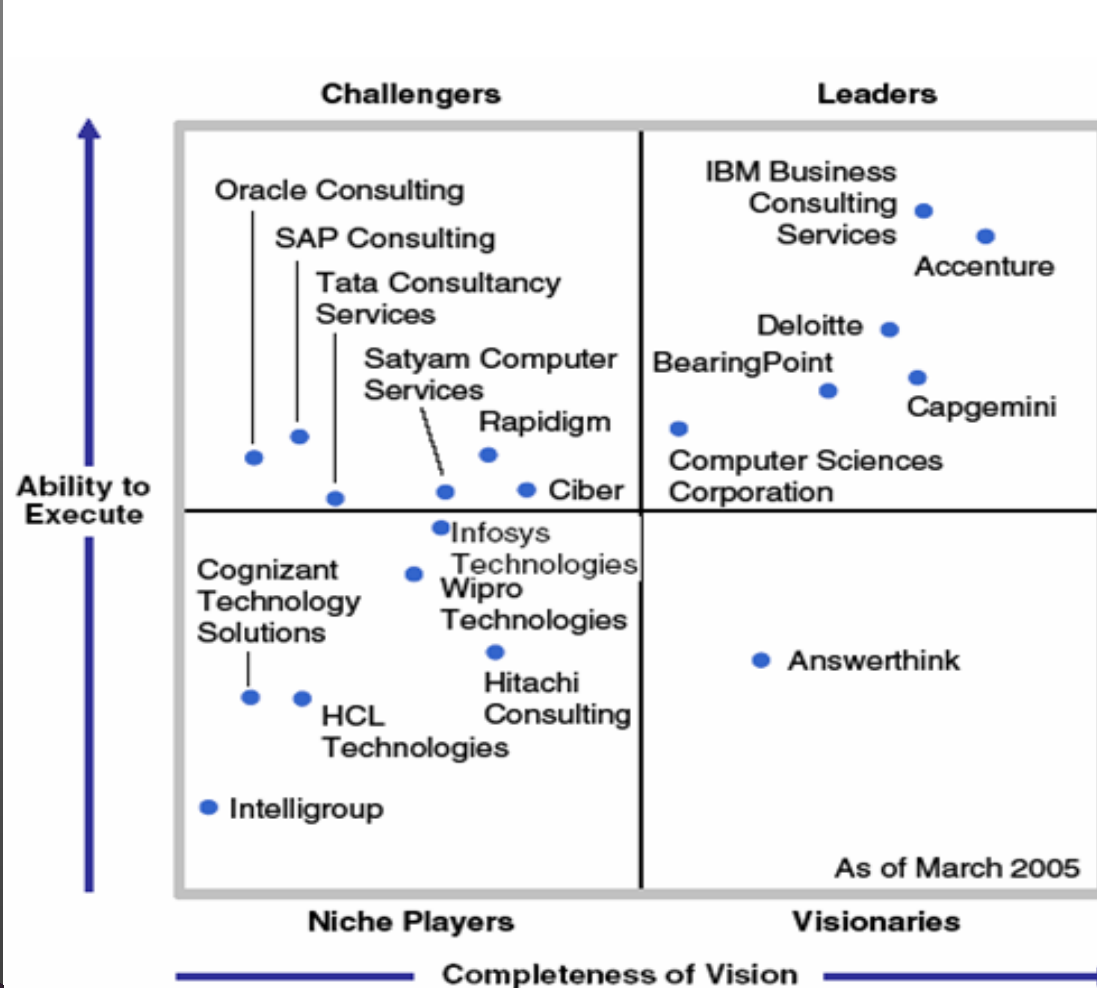
- Top 2 players own more than 60% of the market
 - Oracle acquired PeopleSoft and JDEdwards
- To sustain customer base, vendors are extending maintenance and support for older or acquired products
 - Market awaiting more information on Oracle's approach to integrate PeopleSoft and on SAP's direction with NetWeaver and Microsoft
- Architectural changes coming soon
 - ERP vendors are migrating towards a service-oriented architecture (SOA)

ERP Vendors

- 1) SAP
- 2) Oracle



ERP Service Providers



Source: Gartner Research (March 2005)

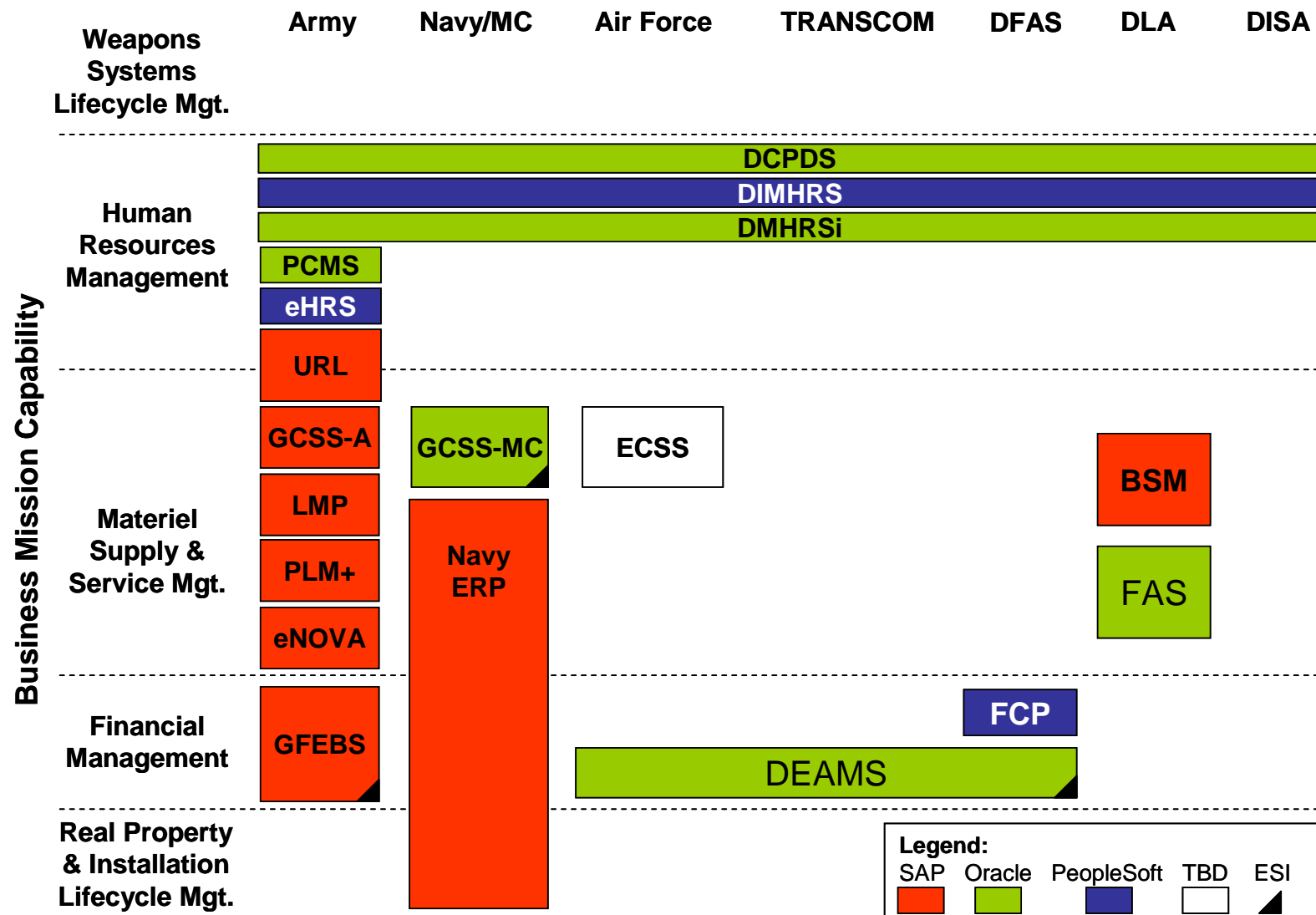
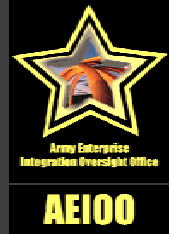
DoD
Enterprise Software Initiative
Blanket Purchase Agreement
(ESI BPA)
Systems Integrators

- 1) Accenture
- 2) BearingPoint
- 3) CSC
- 4) Deloitte
- 5) IBM



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DoD ERP Landscape

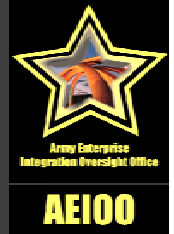


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Agenda



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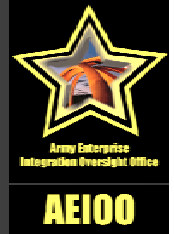
Tools and Accelerators for the Program Manager **MAJ Doug Burbey**

Q&A **All**



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Key Implementation Considerations



- Change Management
- Governance
- Performance Measurement
- Customization and Configuration
- Data Management
- Competency Center Model
- Post Go-Live
- ERP Upgrade Plan



Change Management – People Issues are Often Overlooked



Consideration	Army Challenge	Strategy to Overcome
Sponsorship / Leadership	Rotation	<ul style="list-style-type: none"> ■ Engaged leadership ■ Transition
Stakeholder Alignment	Enterprise View	Governance
Cost	Hard to justify \$\$ (10% - 15%)	Make the case for change
Project Lifecycle	When to start	<ul style="list-style-type: none"> ■ Communications ■ Iterative process
Culture	Resistance to change	<ul style="list-style-type: none"> ■ Sponsorship from within ■ Education

Historically, most major business transformation efforts fail. The failure rate is often as high as 65 percent to 75 percent. The primary cause of failure is most frequently the failure to anticipate and effectively manage cultural and organizational change. -- Gartner



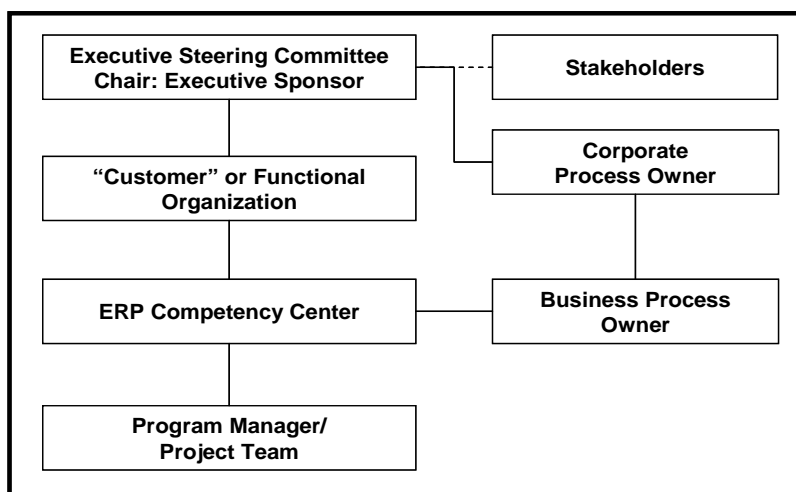
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Governance

- Definition: ***Specifying the decision rights and accountability framework to encourage desirable behavior in the use of IT****
- Critical for ERPs due to size and scope – touches everything
- Executive sponsorship a must



Sample Governance Structure



- Involve the right players but don't burden the process with too many layers
- Be sure to include process owners

* (Source: Don't Just Lead, Govern;
Weill & Woodham, MIT Sloan CISR)

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Performance Measurement

Performance Reference Model (PRM) Framework

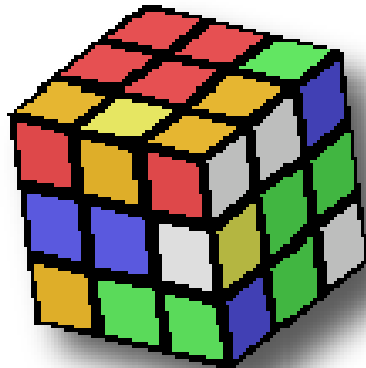
- Definition: ***Means for assessing progress against stated goals and objectives in a way that is unbiased and quantifiable****
- Measuring
 - ERP Implementation
 - Cost
 - Performance
 - Schedule
 - Business Results
 - Effectiveness
 - Efficiency
 - “Customer” Satisfaction
- Must have a baseline
- Align with strategic goals and objectives of the organization
- PRM Framework provides a start



* (Source: www.dod.mil/comptroller)

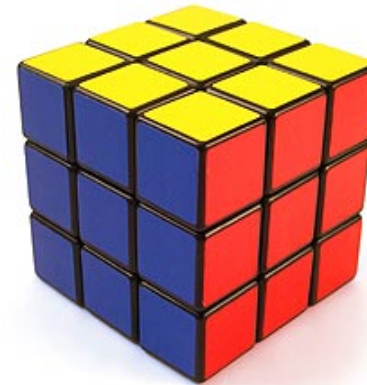
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Customize or Configure?



■ Customize

- ☐ Custom coding or modification
- ☐ More control over functionality
- ☐ Higher cost
- ☐ Difficult to upgrade
- ☐ Reduced vendor support
- ☐ Generally a “No-No”

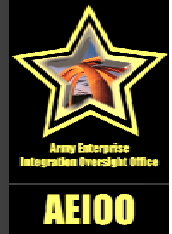


■ Configure

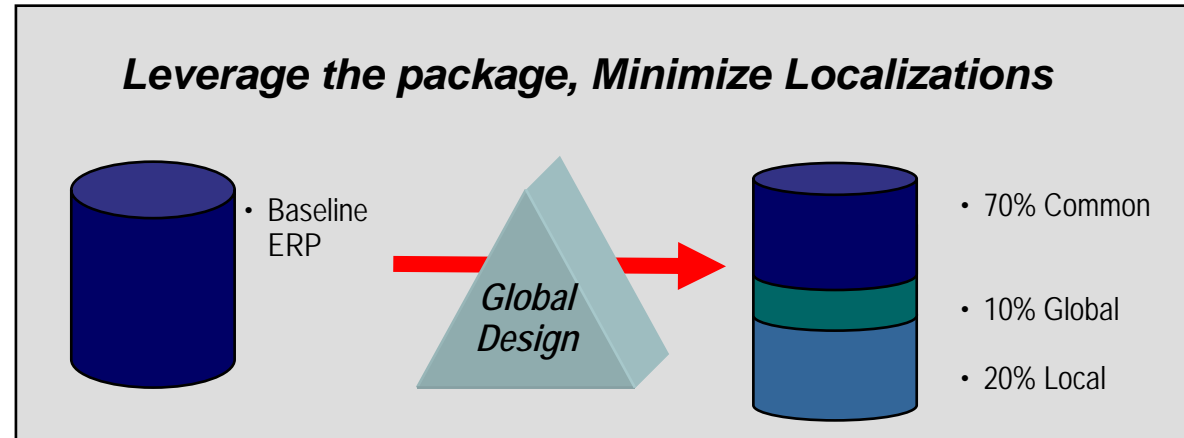
- ☐ Choose from out of the box processes and functions
- ☐ Set parameters
- ☐ Less control over functionality
- ☐ Lower cost
- ☐ Easier, faster upgrades
- ☐ Full vendor support

The best practice is to choose configuration over customization whenever possible.

Design by AcceptionSM



Approach to mitigate risk and optimize delivery efforts

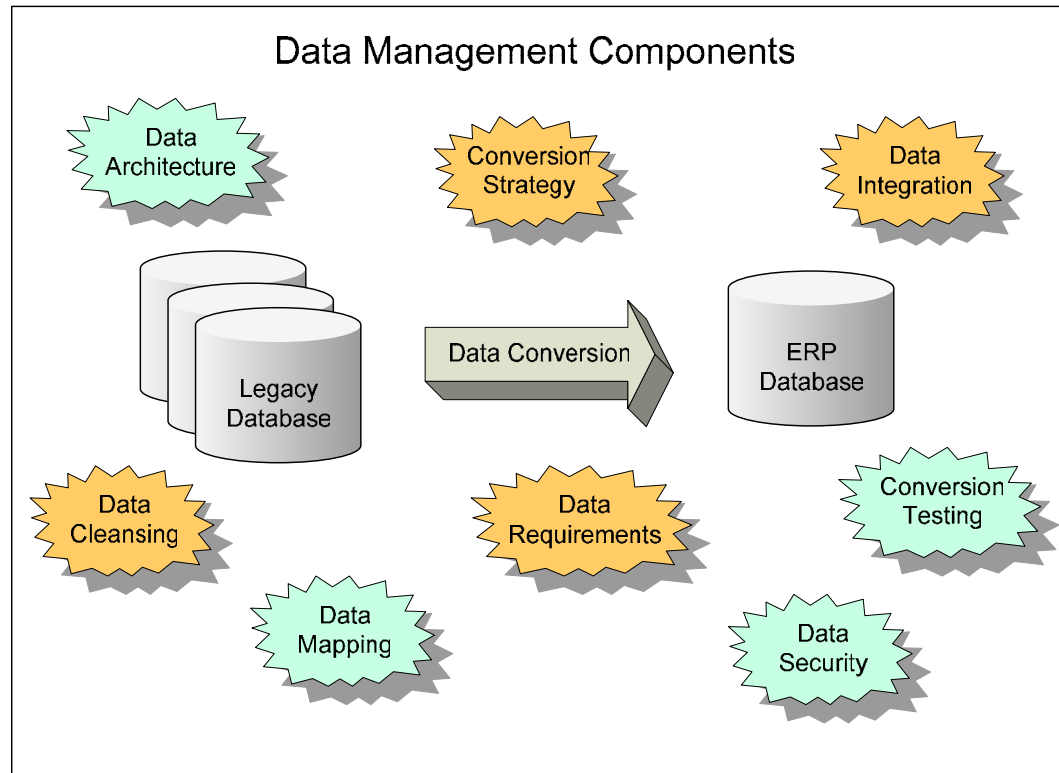
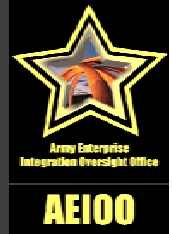


- Focus is on “Acception” of an ERP solution baseline
 - Reduce time debating or expending energy discussing changes that are not critical for business success
 - Quickly review and accept core ERP business processes during focused workshops
 - Leverage “out of the box” ERP capabilities as starting point
- Changes driven by strategic initiatives, statutory and regulatory requirements

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Data Management

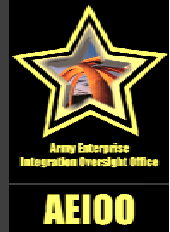


- Data management is an ongoing process that extends beyond the initial implementation
 - Data architecture is the framework for organizing the planning and implementation of data resources
 - Data Integration is an ongoing process of sharing data to maximize the use of information resources
- Thorough requirements and reporting definition lessens effort needed later for testing and error resolution

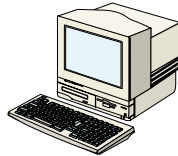
Data is analogous to fruit. Fruit should be cleaned before use. Fruit becomes stale over time. Although stale fruit is easily detected, that is not so with data.



The Competency Center Model



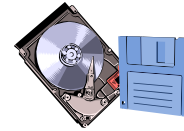
Business
Process
Support



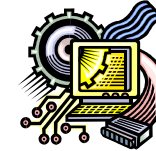
User
Support



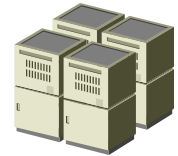
Business
Process
Enablement



Applications
Development
and Integration



Application
Operations



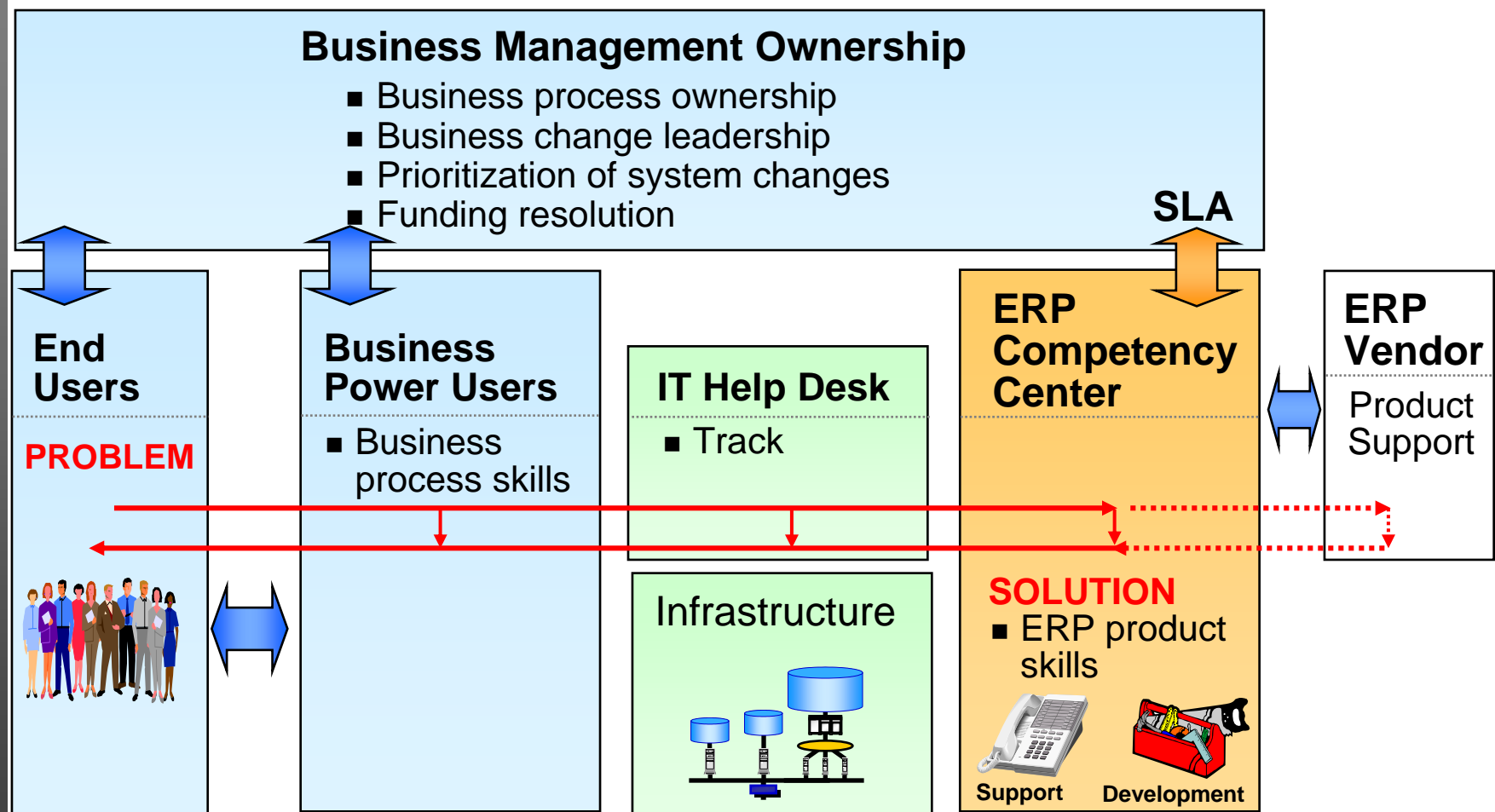
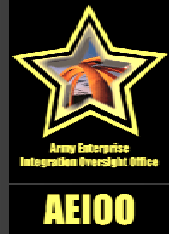
Infrastructure
Support

<ul style="list-style-type: none"> Power User-Based Level One Triage Training 	<ul style="list-style-type: none"> Desktop support Network 	<ul style="list-style-type: none"> All Business Applications End-to-End Process Support Application Config. Knowledge Management Meta and Master Data App. Vendor Comms. Link to Business 	<ul style="list-style-type: none"> Application Development Application Integration and Middleware BI and DW Development and Integration Business Partner Integration Any-Shore Resource Management 	<ul style="list-style-type: none"> Architecture Database Admin. Back-up and Recovery Security Environments Software Change Mgmt. Patches Archiving Tuning SLA 	<ul style="list-style-type: none"> Hardware Storage Disaster Recovery
Business Unit	IS	Competency Center			IS



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Post Go-Live ERP Support Model: The Complete Picture

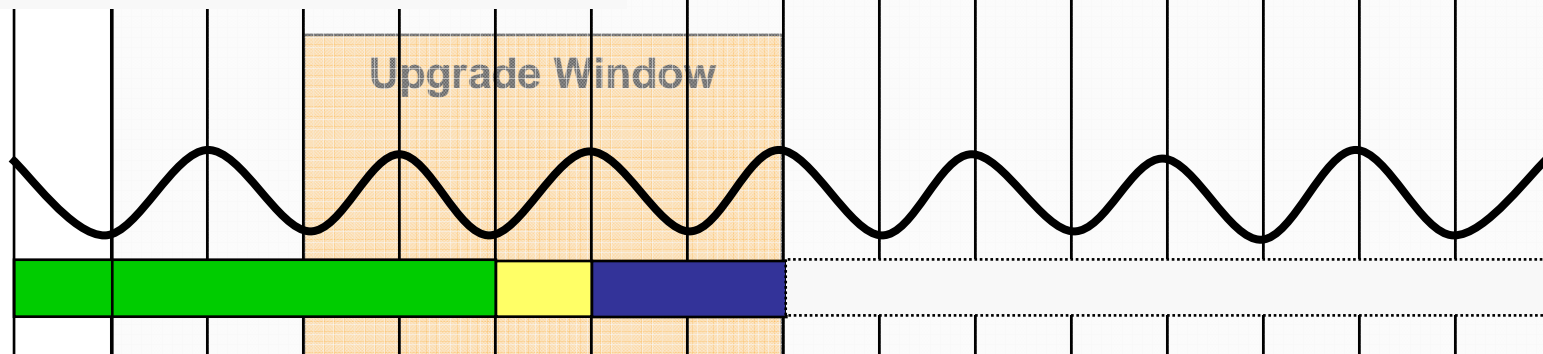


ERP Upgrade Plan

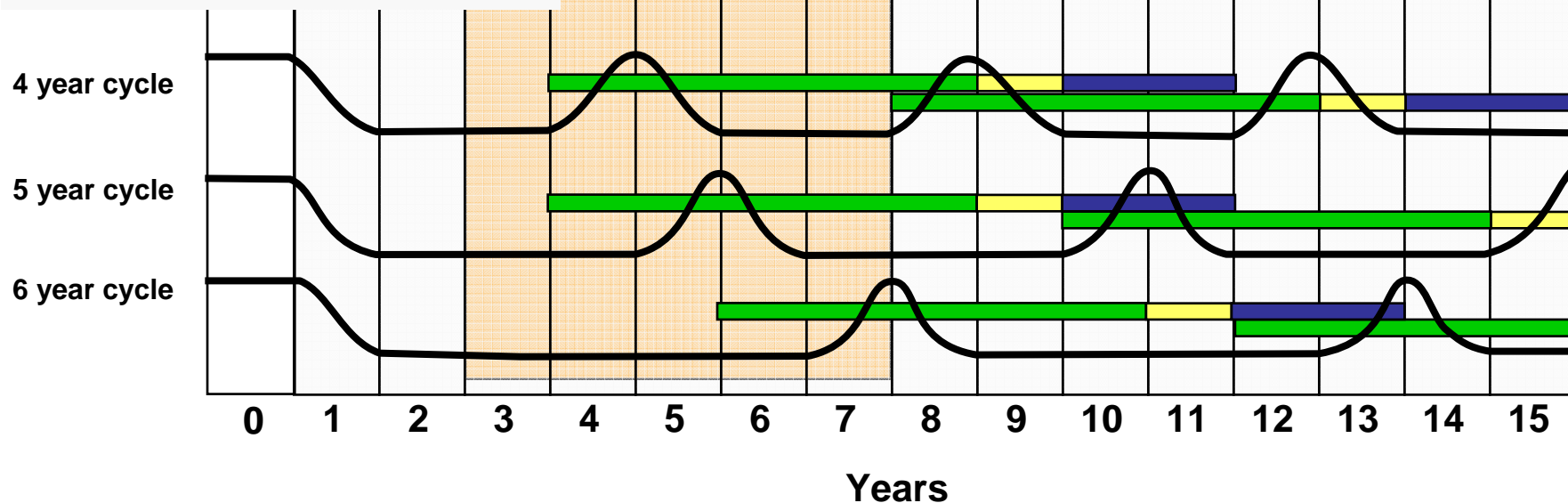


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The Vendor's Release Schedule

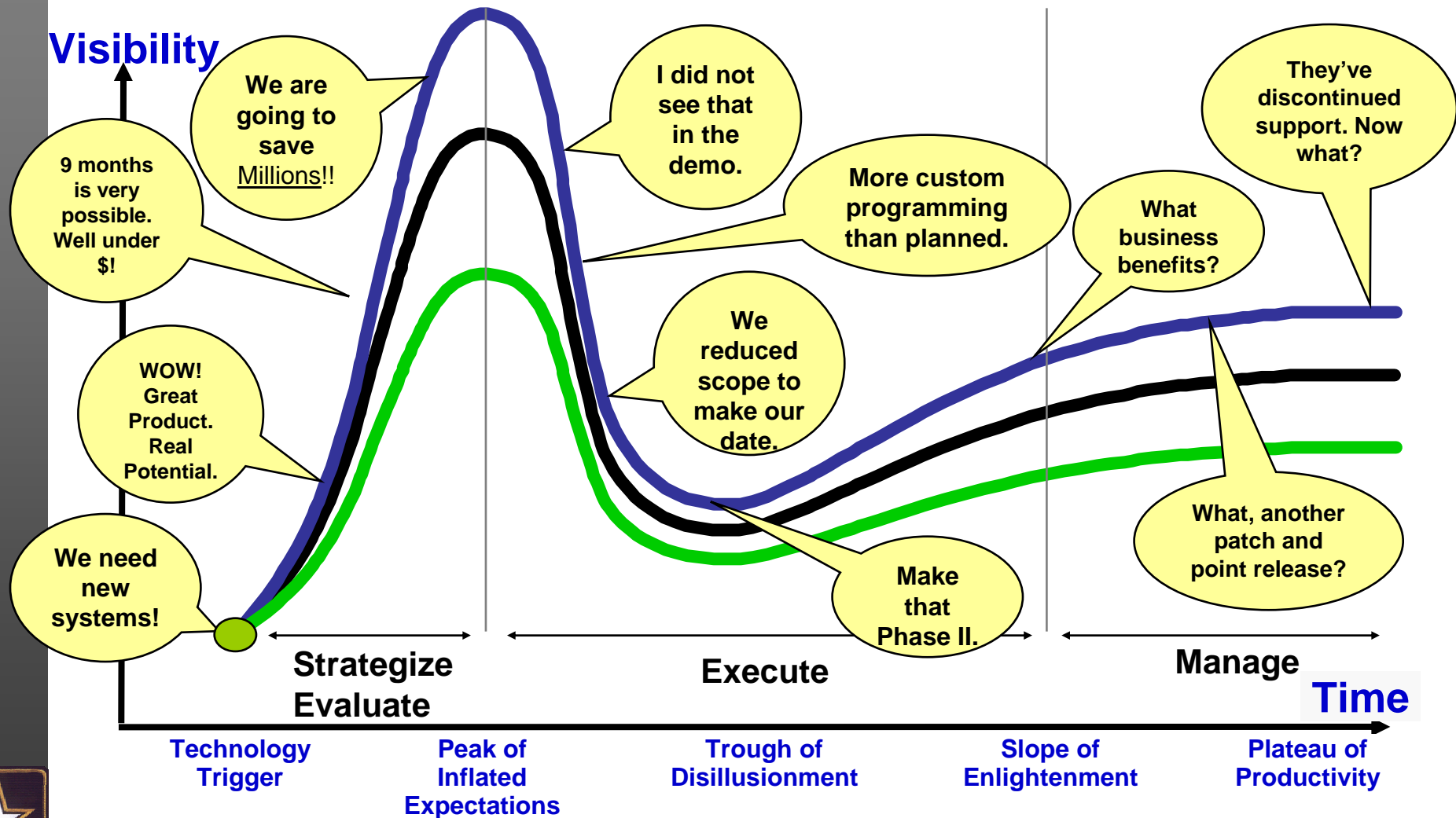
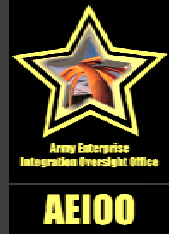


Your Release Schedule



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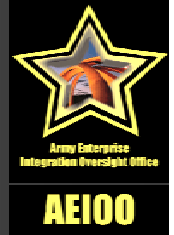
Implementation Reality



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Lessons Learned

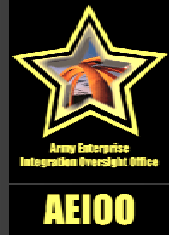


- The first three rules of ERP:
 - ☐ Change Management
 - ☐ Change Management
 - ☐ Change Management!
- Address both operational and management processes
 - ☐ Business process education is required in addition to system-use training
- Multiple process versions
 - ☐ Standardization dreams turn into configuration nightmares as unique configuration needs by site minimize ability to gain efficiency
- Governance
 - ☐ Decision hierarchy must support rapid response to avoid stalling the implementation



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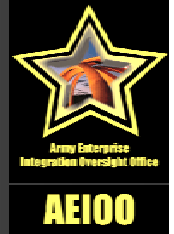
Lessons Learned



- Data ownership / stewardship / quality assurance is complex
- Cutting testing effort due to timing / budget constraints costs more in the long run
- Go-live is just the beginning of the journey



Agenda



Opening Remarks **Mr. David Ciummo**

ERP Context **Mr. Dale Young**

Air Force Video

ERP Overview **Mr. Dale Young**

ERP Landscape **Mr. Dale Young**

Key Implementation Considerations **Mr. Dale Young**

Tools and Accelerators for the Program Manager **MAJ Doug Burbey**

Q&A

All



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CHANGE MANAGEMENT

INITIATION → **ACQUISITION** → **IMPLEMENTATION** → **POST GO-LIVE**

INITIATION

- Preparation
- Define Problem/Challenge
- APPROVAL
- Business Case (High-level)
- Alternatives Analysis
- Requirements (High-level)
- Project Charter
- APPROVAL
- COMPLIANCE
- MILESTONE A

ACQUISITION

Software

- Preparation
- Requirements (Mid-level)
- Develop & Issue RFP
- Vendor Evaluations
- License/Agreement
- APPROVAL
- Award

Systems Integration

- Preparation
- Develop & Issue RFP/SOO
- Vendor Evaluations
- Service Agrmt. & Task Order(s)
- APPROVAL
- Award

IMPLEMENTATION

- Preparation
- Blueprint *
- APPROVAL
- COMPLIANCE
- MILESTONE B
- Design/Build **
- Transition/Cutover
- APPROVAL
- COMPLIANCE
- MILESTONE C
- Go-Live

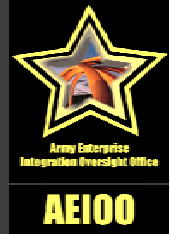
POST GO-LIVE

* Blueprint = Detailed Requirements and High-level Design

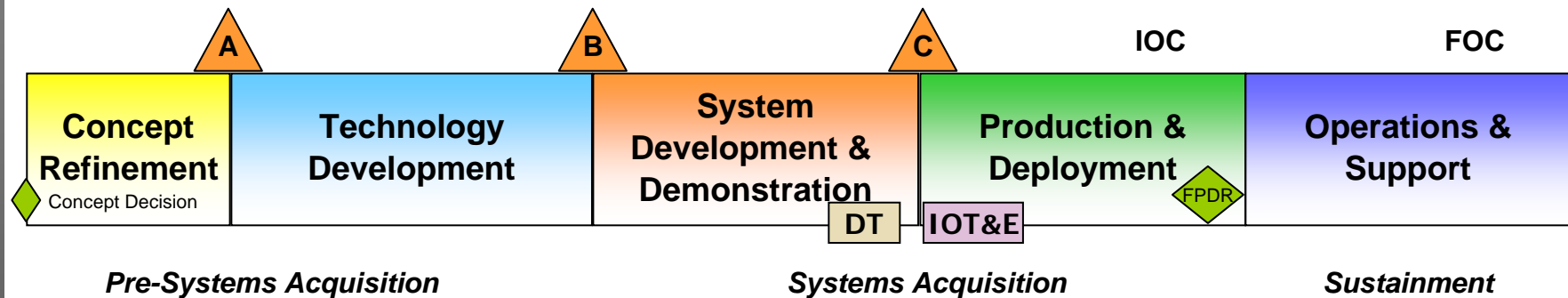
** Design/Build = Detailed Design, Configure/Develop and Test

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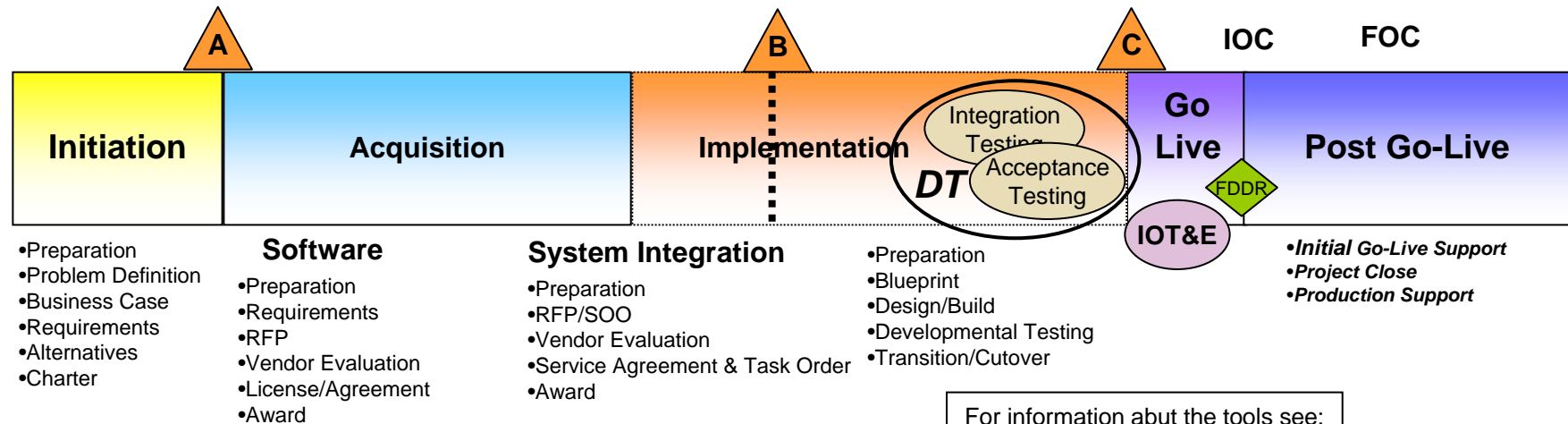
DoD 5000 / EI Toolkit



Defense Acquisition Management Framework – Traditional



EI Toolkit Roadmap

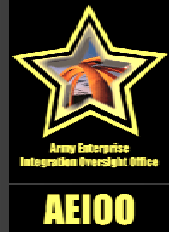


For information about the tools see:
<http://www.eitoolkit.com/tools.cfm>

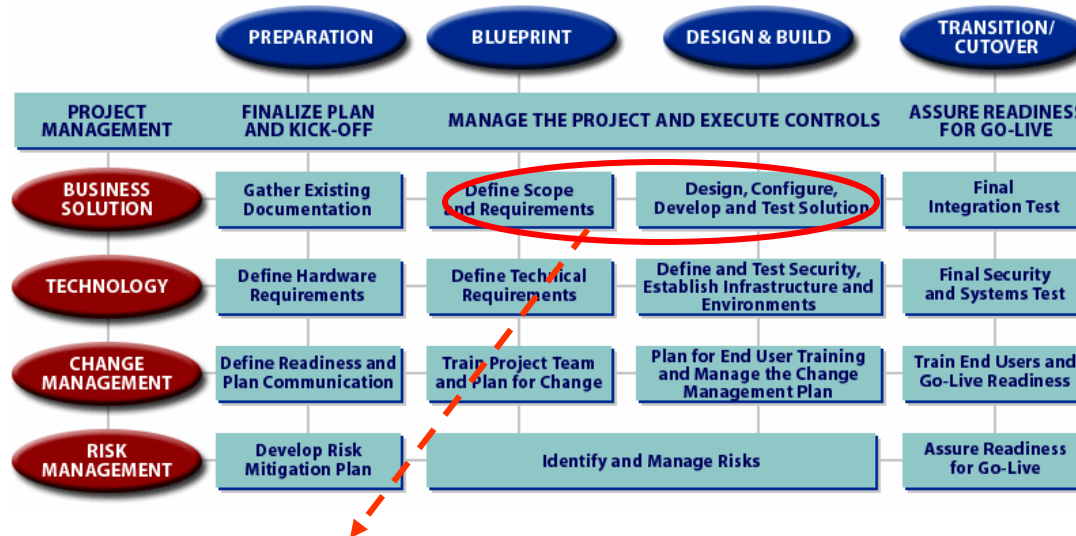


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EI Toolkit - RICE



Implementation Road Map



RICE (Reports, Interfaces, Conversions, Extensions)

<http://www.eitoolkit.com/impl.cfm>

RICE

Reports - Formatted and organized presentation of data

Interfaces – Enable two or more independent systems communicate

Conversions - Process that transfers or copies data from an existing database to the new authoritative data source

Extensions (or enhancements) – An additional program that does not change the core code



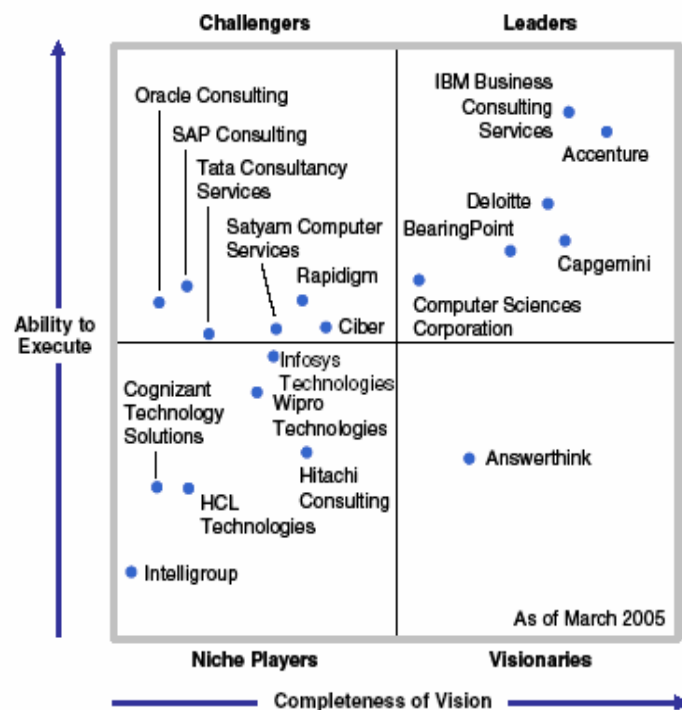
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ESI Enterprise Agreements



Systems Integration Services

Magic Quadrant for North American ERP Service Providers, 2005



Source: Gartner Research (March 2005)

Lead Service is Navy

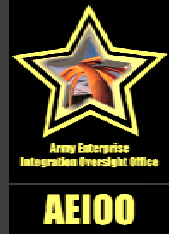
BPA for vendors: 3-May-04 to 3-May-09	Contract Awards as of: 1 August-05
Accenture	GFEBs
BearingPoint	None
CSC	None
Deloitte	None
IBM	DLA Food Service Mgt (\$46M over 5 yrs)

Software Purchase Agreements

Software Manufacturer	Lead Service	Date Awarded	Term of BPA	Purchases through Dec-04 DoD / Army
Oracle	Army	27-May-99	May 2009	\$24M / \$12M
PeopleSoft	Navy	25-Jun-03	May 2009	\$7.5M / \$3.1M
SAP	Navy	14-Feb-02	May 2009	\$7.5M / \$4.4M



Change Management Resources



EI Toolkit

BY PHASE				
BY ROLE	INITIATION	ACQUISITION	IMPLEMENTATION	POST GO-LIVE
LEADERSHIP	Identify and Engage	Develop Strategy	Implement Strategy	Measure Effectiveness
COMMUNICATIONS	Determine Strategy	Develop Plan	Execute Plan	Determine Sa
ORGANIZATION STRUCTURE	Determine Requirements	Develop Plan	Establish Infrastructure	Ri
READINESS	Plan and Assess	Include in Contracts	Measure and Assess	Monito
EDUCATION AND TRAINING	Raise Awareness	Review Current Skills	Define and Train	Conti

<http://www.eitoolkit.com/cm.cfm>

- Tools and templates available at EI Toolkit and AEIOO Website
- Support Change Management activities for Program Managers

AEIOO Website

Transformation Management Guide v.2.0				
Transformation Management Phases				
Activities	Initiation	Acquisition	Implementation	Post Go-Live
Transformation Management Planning	Establish Transformation Strategy	Review & Refine Transformation Strategy	Evaluate Transformation Strategy	
Leadership & Stakeholder Management	Assess Leadership & Stakeholders	Assess & Update Action Plans	Engage Leaders & Stakeholders	Measure Transformation Effectiveness
Communications	Establish Communication Strategy	Launch Communication Strategy	Communicate, Communicate, Communicate	Examine Communication Strategy
Organizational Alignment	Document Changes & Impacts	Identify New Roles & Responsibilities	Initiate New Roles & Responsibilities	Institutionalize New Roles & Responsibilities
Learning	Develop Learning Approach	Develop Learning Materials	Deliver Learning	Institutionalize Learning

Last Updated: 06/11/2005

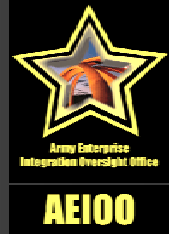
<http://www.army.mil/aeioo/tm/guide.htm>

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Summary



■ Complexity

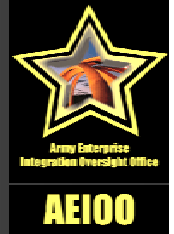
- Multiple integration points
 - System modules
 - Internal legacy systems
- Adopting ERP best practices CHANGES Business Processes
- Executive Leadership, Decision-Making, and Support

■ ERP is a **BUSINESS** project, **NOT** a systems project

- Business case -- Expected Results -- Measure Throughout
- Functionals **MUST** Lead and Sponsor
- End-Users are Stakeholders
 - Collaborate and Participate
 - Design a Successful Model
 - Maintain Momentum
- Change Management is the key to success



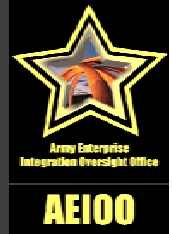
Quiz



1. An ERP solution integrates an organization's core processes.
True or False?
2. When implementing an ERP the preferred approach is to:
 - a) Change the organization's processes based on the ERP
 - b) Customize the ERP to fit the organization's existing processes
 - c) Let the systems integrator decide
 - d) None of the above
3. Name three ERP-specific tools available to the Program Manager?
4. At what stage of the ERP implementation should the Program Manager initiate change management and communications initiatives?
 - a) At the onset of the project
 - b) After implementation is complete
 - c) Right before fielding
5. What part of an organization is affected by an ERP implementation?
 - a) The people
 - b) The processes
 - c) The technology
 - d) All of the above



Q & A



- For more information, visit us on the web at:
www.army.mil/aeioo
- Questions?



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